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RUEATRS/DEPT OF TREASURY WASHINGTON DC  
RHMFIUU/DEPT OF HOMELAND SECURITY WASHINGTON DC  
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UNCLAS SECTION 01 OF 02 BEIJING 003705

HHS FOR OGHA/STEIGER AND PASS TO FDA/LUMPKIN  
STATE PASS TO USTR  
STATE PASS TO HOMELAND SECURITY COUNCIL

SENSITIVE  
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TAGS: [TBIO](#) [EAGR](#) [PREL](#) [HHS](#) [CH](#)  
SUBJECT: AQSIQ STILL LACKING IN INFANT FORMULA RESPONSE

Ref: A) 3635

1) (SBU) SUMMARY: On September 22, the informal Beijing Agricultural Attach Group (BAAG) met to discuss developments, impacts and possible outcomes of the scandal involving melamine in Chinese dairy products. While China's response to this case of contamination is better at the central level than past incidents, there are still significant gaps in information provided to consumers, trading partners, and in local authorities' ability to enforce basic food safety regulations.

EC ENGAGES AQSIQ

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2) (SBU) On September 22, 2008 AgAtt met with the Beijing Agricultural Attach Group (BAAG) to discuss developments, impacts and possible outcomes surrounding the scandal involving melamine in China's domestic dairy products. The meeting was hosted by the European Union Commission (EC) Beijing office. The EC reported that last week an EC Director General visiting Beijing met with AQSIQ Vice-Minister Wei Chuangzhong to discuss food safety concerns. During the meeting, the EC official requested China implement a voluntary ban on all dairy products destined for the European Union (EU) market. China did not respond to that request and has taken no action to ban dairy product exports to the EU. Although the EU does not import fresh dairy products for consumption, EC officials estimate that roughly 8,000 tons of pastry and 9,000 tons of chocolate, which contain processed dairy products, are imported from China on a yearly basis. However, neither the EC nor the EU member states have taken action to ban or restrict Chinese exports.

3) (SBU) The EC requested AQSIQ resolve this issue transparently and present official findings, testing methodologies, and results in an open and timely fashion. Another issue the EC pointed out was the lack of scientific knowledge about the impacts of melamine and the need to cooperate with AQSIQ on appropriate testing methodologies.

4) (SBU) Most experts believe melamine is frequently added by farmers at the regional collection centers in order to raise milk products' protein content (Ref. A), but there has been little study of direct consumption of melamine. Other experts believe the melamine is added in the final stage of the supply chain, milk distribution centers, before dairy products are sourced to the major retail or wholesale outlets. According to a BAAG veterinarian, melamine is non water soluble and it requires emulsifying agents, such as cynauric acid, in order to dissolve. When combined with melamine, the consumption of these compounds can lead to the development of kidney calculus (stones) that can lead to further health complications. Thus, such compounds or other by-products of adulterating milk products with melamine might have other,

unexpected health impacts.

5) (SBU) BAAG representatives had different reactions to the scandal. The group discussed country responses to the food safety scandal and discovered every country had a different reaction and justification. The largest melamine producing enterprise in China is a Sino-Dutch joint venture. Given the large foreign investment and ongoing joint venture, the representative of the Netherlands was concerned about openly admonishing the Government of China or AQSIQ.

The Australian and New Zealand representatives believed that issuing a broad travel advisory notification warning to expatriates and tourists about China's domestically produced dairy products represents a de facto statement that all products are tainted with melamine and could be interpreted by the Chinese authorities as an excessive and unwarranted response.

6) (SBU) Denmark decided to publicly issue a travel notification on the Embassy and Foreign Ministry web site advising its citizens to "avoid consuming dairy products when visiting China until further notice." According to the representative from Denmark, dairy is a staple food and Danes consume a much higher volume of dairy products and hence are more susceptible to contamination. Canada also implemented a travel notification warning against dairy consumption that referenced a history of food safety scandals involving ethnic food imports and Canada's large community of overseas Chinese that frequently travel between the two countries.

#### LACK OF SOLID INFORMATION REMAINS

7) (SBU) None of the BAAG members felt that they were receiving sufficient information about the extent of the contamination or

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possible export-related contamination. According to various BAAG representatives, when pressed about revealing more detailed information regarding findings, AQSIQ redirects these inquiries to provincial governments. These provincial officials have not been forthcoming in the sharing of any information or updates with any outside parties.

#### BLAME GAME BEGINS?

8) (SBU) The group agreed that AQSIQ is not providing science-based answers in response to this crisis. AQSIQ has not revealed testing methodologies and other technical information and have already mounted an offensive campaign in order to deflect criticism by the international media. On September 11 and 12, Shenzhen Quarantine and Inspection (CIQ) port officials reportedly detected melamine in New Zealand and Dutch fresh dairy imports. After the press reported these detections as official, retesting results later revealed that CIQ officials had erred in their evaluation. Corrections were published but the impression that this is a problem outside China was created. Other news articles and editorials have expanded on how foreign enterprises will greatly benefit from this national food safety scandal.

9) (SBU) During previous food safety scandals, China's officials were quick to point out that companies that had joint ventures with foreign enterprises should shoulder equal responsibility and accountability. Although government officials took some of the responsibility for past contaminations, AQSIQ has repeatedly tried to blame other countries in order to make a case that similar food safety irregularities are common worldwide, especially in developed countries. This week, FAS Beijing received two separate notifications of irregularities with U.S. seafood imports and one delisting of a poultry plant. Both of these notifications came immediately following an agreement on meat safety at the JCCT.

RANDT